
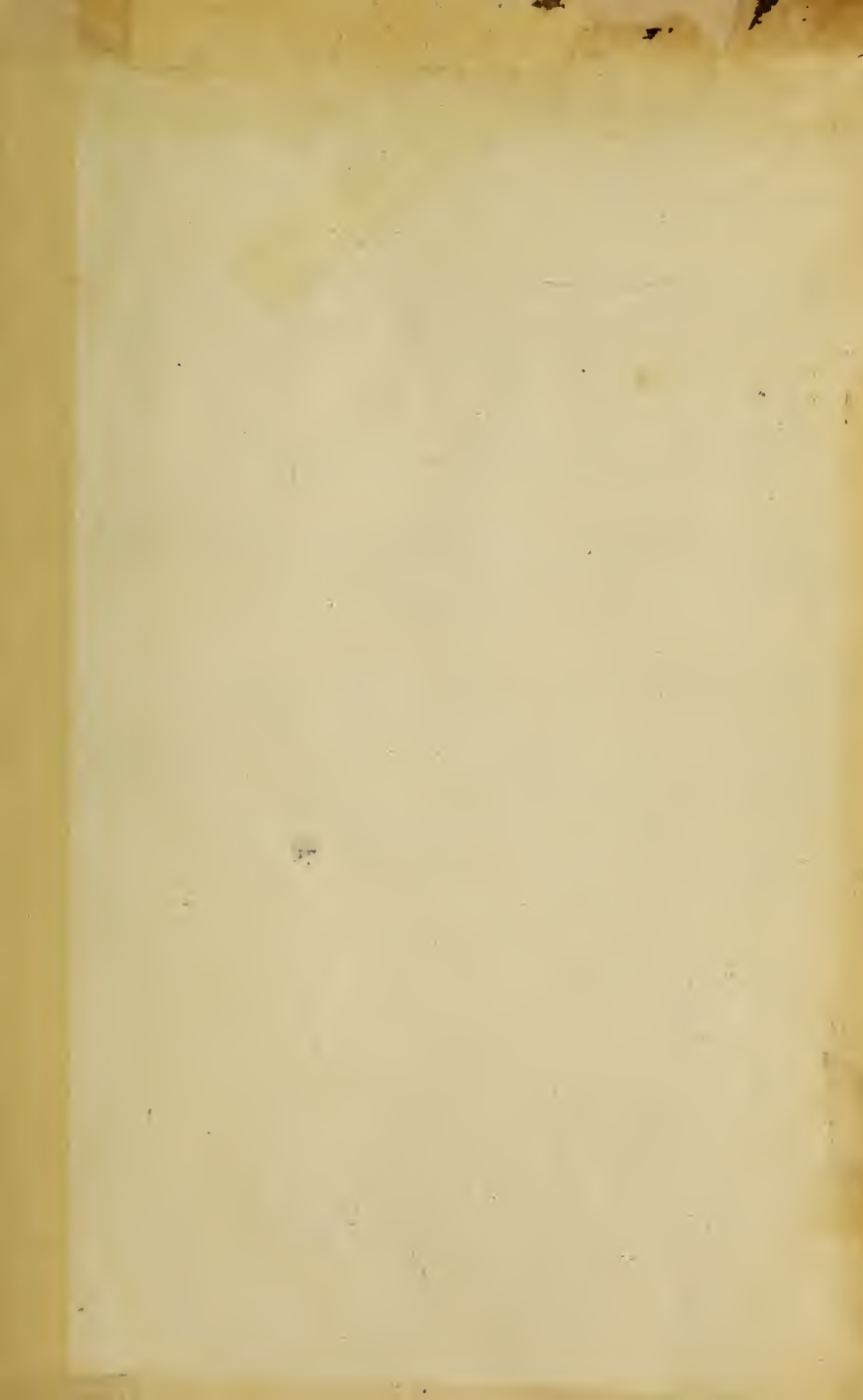




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SPEECH

OF THE

HON. ADAM CROOKS,

TREASURER OF THE PROVINCE OF ONTARIO,

DELIVERED ON THE 19TH NOVEMBER, 1874,

IN THE

Legislative Assembly of Ontario,

ON MOVING THE HOUSE INTO COMMITTEE OF SUPPLY.

REPORTED BY H. KINLOCH.

Toronto :

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1874.

FINANCIAL STATEMENT

OF THE

HON. ADAM CROOKS.

LEGISLATIVE ASSEMBLY,
TORONTO, *Friday*, 19th November, 1874.

MR. CROOKS said:—MR. SPEAKER, in moving that you do now leave the chair that this House may resolve itself into a Committee to consider the supply to be granted to Her Majesty for the public service of the Province for 1875, I propose to follow the usual custom of my predecessors in charge of the Treasury Department, and to set forth a statement from which, I trust, hon. members can clearly understand the financial affairs of the Province of Ontario. It becomes more necessary on the present occasion that I should make a fuller and more explicit statement in connection with the finances of the Province, inasmuch as during this and the preceding year certain expenditures have been entered upon, and large sums have been spent in connection with those expenditures, in consequence of different measures passed by this House, the very object of which was to diminish the surplus belonging to the Province. The principal measure was the Act in relation to granting aid to railways, and the other was that for the distribution of a large portion of the surplus funds of the Province amongst the different municipalities which had not borrowed from the Municipal Loan Fund, or become debtors to the General Government. These expenditures were deliberately entered upon in pursuance of the policy that it was not desirable that the surplus revenues of the Province should remain an unproductive investment, but that they should be utilized as far as possible to aid in developing the resources of the country on the one hand, and on the other to compensate, to some extent, the municipalities which had not borrowed, as against those which

had borrowed, and which were relieved by the measure of 1873. The result, then, of our financial position as set forth in the statement furnished to this House by the Treasury Department up to the 30th September of the present year, leads me to state unequivocally the prosperous position of this Province in relation to its resources. Statements have appeared which have been near the figures I intend to give to the House now, but I have not yet seen any statement which assumes to place before the country the correct figures at which the assets of this Province can be truly placed as on the 30th September, 1874. Now *Mr. Speaker*, these assets comprise, firstly, investments. The investments consist of \$500,000 in Dominion 6 per cent. bonds, which were purchased on June 5, 1868; \$350,000 in Dominion 6 per cent. stock, purchased on October 28, 1868; £150,000 sterling in Dominion 5 per cent. debentures, purchased March 2, 1869, at from 95 to 97 per \$100 costing \$705,471; also £250,000 in 5 per cent. Dominion debentures purchased on July 19th, 1871, at 98, costing \$1,192,333. The total amount invested in the securities of the Dominion then is \$2,747,805. In addition to that amount we have invested at special deposit in different banks, at a rate of interest of five per cent., a gross total of \$1,593,348. The particular amounts at the different banks are set forth in the Public Accounts now in the hands of hon. members. That amount is divided among ten banks, showing that almost all the banking institutions doing business in the Province are participators in this large reserve. We have besides a balance in cash on 30th September of \$185,670. We have municipal five per cent. debentures for drainage works, which were purchased up to 30th September, 1874, amounting to \$89,448. We have rent-charges on municipalities for drainage works, under the Act 33 Vic. c. 2, called Carling's Act, for works that are completed, \$77,287, and for works in progress but not completed, \$82,626, making a total of \$159,913. Under the second Act, 36 Vic. c. 38, Mr. McKellar's, there were debts so secured amounting to \$30,370, making the total amount so expended and to be returned to the Province by the different municipalities, \$190,284. Then they had the results of the Act passed for decreasing the Municipal Loan Fund debts, and establishing a reduced indebtedness, or rather new debts, by the municipalities. The Province came into possession of new debentures amounting to £364,400 sterling, the gross amount of the reduced debts being

£365,673. In other words the total amount of the new debentures given by the indebted municipalities amounted to £364,400 sterling, which, with the balance of the new debt not included in the debentures, £1,273, brought the total up to £265,673 sterling. Now the value of that debt at the prices paid for the debentures is equivalent to \$1,530,481. If to that is added the Town of Niagara new debt, namely \$14,205, together with the arrears of the old debts due for payments in 1873, and required to be paid to the Province \$39,181, the total amount to be derived from these debentures and from the old Municipal Loan Fund debt reaches \$1,583,868. We next come to assets, regarding which there appears to have been some misapprehension. These are the special or trust funds with the Dominion of Canada, amounting in gross to \$2,699,407. It may be necessary to state, that these trust funds have always been our property. There has been no question as to the title of the Province of Ontario to this amount of these special or trust funds. The question as to our right to them has, indeed, never been raised. It is true that in regard to one fund, namely, the Common School Fund, a proportion of the common amount has to be settled with the Province of Quebec; but so far as regards the Upper Canada Grammar School Fund and the Upper Canada Building Fund, there is no question at all as to our title to them. We are joint owners with the Province of Quebec of the Common School Fund, amounting to \$1,645,644, and if we take as the basis of our proportion the one which the Arbitrators settled, and the sum on which, at the present time, the Dominion of Canada is paying us interest half yearly, we should be entitled to five-ninths of it, or \$914,246. As I have said, there is no room for any question as to our right to these Trust Funds. The only other Government that can question our title would, of course, be the Dominion of Canada. It is quite clear that up to the time of Confederation these were special funds held by Canada, and under the British North America Act of 1867, they either passed to the Dominion of Canada or remained the property of the old Province of Canada. The effect of the clauses of that Act upon these Special or Trust Funds was so clear that there could be no doubt as to their destination. There was some question as to certain assets contained in the fourth Schedule of the Act as between the Provinces of Quebec and Ontario. A long discussion arose before the Arbitrators as to the

share which each of the Provinces were entitled to in those joint assets, just as there was a long and very elaborate argument in connection with the excess of debt which Ontario and Quebec were jointly liable to pay as to the proportion in which each should stand indebted to the Dominion Government. But from the commencement of that arbitration to its close, hon. members will find that it was conceded on the part of the Dominion by its representatives that there can be no question that so far as regards a certain trust fund Quebec was entitled to it, with regard to another, Ontario was properly entitled to it, and as regarded the Common School Fund, Ontario and Quebec were entitled to it jointly. On referring to the proceedings in connection with the award, hon. members will find that the destination of these Special Trust Funds was admitted and that the Dominion raised no question as to the title of the different Provinces. I have in my hands a copy of Mr. Wood's argument before the Arbitrators, and in it will be seen that he submits as sums falling to and to be assigned to Ontario, the two funds I speak of, the Upper Canada Grammar School Fund and the Upper Canada Building Fund, while he treated the Common School Fund as part of the joint assets set forth in the fourth Schedule of the British North America Act. The Arbitrators adopt these views in their award, and a reference to the award will show, in the 5th section, this determination :—"The following special or trust funds and the moneys thereto payable, including the several investments respecting the same or any of them are, shall be, and the same are hereby declared to be the property of, and to belong to, the Province of Ontario," among other funds the Grammar School Fund and the Building Fund are mentioned. The award of the Arbitrators as to the Common School Fund is, that the sum which forms that fund, being the large amount I have mentioned, \$1,645,644, is to be divided between Ontario and Quebec in the same proportion as the value of the Parliamentary Library, which is defined to be somewhat in the proportion of five-ninths to four-ninths, as regulated by the population of the two Provinces according to the census of 1871. In the different financial statements which Mr. Treasurer Wood made to this House, on each occasion he claimed the right of the Province of Ontario to these three special trust funds. I have referred to his speeches which are reported and printed in pamphlet form for the years 1868, 1869 and 1871, and

in them all I find that Mr. Wood claims the right of the Province to these funds to be unquestionable, and that in his estimate of the revenue for each year he includes the sums of money to be received from the Dominion Government as interest on these funds. He mentions it, for instance, in his statement of 1868, at pages 7 and 11. He mentions it also in his statement of 1869 in the strongest possible terms. "With regard to the special funds in the hands of the Dominion," says Mr. Wood, "consisting of the Upper Canada Grammar School Fund, \$312,769; Upper Canada Building Fund, \$1,472,391; five-ninths of the Common School Fund, \$914,246 (the whole fund being \$1,645,644,) interest is payable at 5 per cent., with the exception of the Upper Canada Building Fund, on which, as I before stated, we are entitled to 6 per cent. I think these may be looked upon as a permanent source of revenue; for if the Dominion do not choose to pay us the interest they must pay the principal, and we, I think, shall be able to invest the money at least at 6 per cent." Mr. Wood spoke of them as yielding then interest, two of them at five per cent. and the Upper Canada Building Fund at six per cent. But further, these views of the Treasurer were adopted by this Legislature, for in 1869 an Act was passed in which these very funds were made portions of the Consolidated Revenue Fund of Ontario. That Act is 35 Victoria, chapter 9, section 5, and it placed at rest the title of this Province to these funds, because that legislation was acquiesced in by the other party which alone could contest our right. I mean the Dominion Government. The 5th section of this Act provides that "The Upper Canada Grammar School Income Fund, and all moneys arising from investments made on account thereof, and the income and revenue derived from the Upper Canada Grammar School Fund, and from the Upper Canada Grammar School Lands, and from the Upper Canada Building Fund and Marriage Licenses belonging thereto, and from the Common School Fund and the Common School lands, shall form part of the Consolidated Revenue Fund of the Province of Ontario."

MR. LAUDER—That portion of it which belongs to us.

MR. CROOKS—That portion which belongs to us. There can therefore be no room for question that from the beginning of the administration of Mr. Sandfield Macdonald until its close, these special funds were always considered as part of the assets of the Province of Ontario. Such

was the determination of the Arbitrators ; the course of the Legislation and the admissions of the Dominion Government have been in accordance with that position ; the very payments we are now receiving from the Dominion Government yearly involve by way of interest on these three funds the sum of \$136,696, so that there is no room for doubt that the Province of Ontario can rely upon these special funds as assets just as much as it could rely upon the debentures of the Dominion in which it had invested a portion of the surplus of the Province.

MR. LAUDER—Are these funds subject to any increase ?

MR. CROOKS—These funds are specific. If my hon. friend will consider the origin of these funds he will see that they are in the hands of the Province of Ontario as trustees. For instance, if he would refer to the origin of the Grammar School Fund he would see that it is the result of what was derived from the sale of Grammar School lands. Two hundred and fifty thousand acres were set apart in order to constitute a fund for Grammar School purposes under an Act of the late Province of Upper Canada, and from time to time as these lands were realized, the results were paid into the Provincial Treasury in order to form this special fund, and when Confederation took place the amount of that fund had reached \$312,769, and it passed to this Province subject to the trusts for which it was responsible. Then the Upper Canada Building Fund was a special or local fund, of which the former Province of Canada was Trustee for the Province of Upper Canada. Treasurer Wood in his argument before the Arbitrators gave the history of that fund, showing the origin of it, and the different conditions under which it reached a fund of \$1,472,391 on the 1st July, 1867. Mr. Wood's calculations were acquiesced in by Mr. Langton on behalf of the Finance Minister of the Dominion. The largest sum out of which that fund arose was given to Upper Canada, under the Act of 1854, as an equivalent for certain funds applied to the benefit of Lower Canada for indemnity for seigniorial lands—in other words handed over to Upper Canada for local improvements as an equivalent for certain local advantages which Lower Canada was obtaining as the basis for indemnifying the seigniors in connection with the change of tenure of seigniorial lands in Lower Canada. The Common School Fund arose as we all know from the legislation by which the former Province of Canada set apart public lands lying mostly in Huron, Bruce and Grey, in order to form a fund which would realize an income of \$400,000 per annum.

MR. LAUDER—Are we interfering with that ?

MR. CROOKS—On referring to Mr. Treasurer Wood's statements, it will be seen that this is satisfactorily explained. For instance, we are now paying out of the Consolidated Revenue of Ontario, a larger amount than we could by any possibility receive from this Common School Fund, or from any investments of it. At the most, not more than \$50,000 could be yearly derived from this fund, while we are now paying annually \$240,000 out of the Consolidated Revenue Fund for the purposes of meeting the objects for which these lands were set aside. This question, however, was no doubt carefully considered when the Act of 1869 was passed. I think that if all the charges which were formerly laid upon these trust funds have been assumed by the Province of Ontario, then it would follow that all returns to these special funds should go into the Consolidated Revenue Fund, too. I was proceeding to mention that we have another asset yet to be paid for, the value of the parliamentary library. The Arbitrators, in their award, at page 48, state that the library of the former Province of Canada belonged to Quebec and Ontario as joint assets, but that as it was not desirable to disturb the Dominion of Canada in its possession of it, they awarded that the Dominion should pay to Ontario \$105,541 as its proportion of the value of the library. On a former occasion I added to the assets of the Province the increase in the value of the securities we hold in the shape of marketable bonds, &c. For instance, we have \$850,000 in Dominion 6 per cent, stock and debentures, which, as now quoted at $8\frac{1}{2}$ premium, would give an additional value equal to \$72,250. There is also £400,000 sterling Dominion five per cent. debentures held by the Province, which is now at a premium of $7\frac{1}{2}$ per cent., and which would therefore include an advance to us in value of \$194,863. This completes then the list of assets, out of which the Province of Ontario can, at any time, meet any liability which now or at any future time it may impose upon itself. The sum total of all these assets is \$9,462,486. The next point is to ascertain what are the liabilities of the Province ; or, in other words, what is the amount at which the assets stand when properly reduced, before we can arrive at the amount of surplus or reserve or the amount of our assets over liabilities on 30th Sept., 1874. Of the Railway Fund there is a balance still unpaid of \$1,100,572. Of the Railway Subsidy Fund, the half-yearly payments up to and

inclusive of 30th June, 1874, amounted to \$250,000, but deducting payments of \$35,499, the balance unpaid stands at \$214,500. Next we have the surplus distribution payments which are being made from time to time. We commenced with \$3,115,733 as the total amount to be distributed amongst the municipalities, and we are going on distributing as different municipalities pass their by-laws. This work has been going on rapidly for the last six months, and with great rapidity during the month of October. The amount paid to Sept. 30, is \$724,673, leaving a balance still payable on account of surplus distribution of \$2,391,060. Thus the accounts show our liabilities to be \$3,706,133, as against \$9,462,486 of assets. (Cheers.) In other words our surplus of assets or resources over liabilities on Sept. 30, 1874, amounts to the considerable sum of \$5,756,352, or over five millions more than our friends of the opposition give us credit for having. (Hear, hear.)

MR. MERRICK—Are there no obligations to be set against that sum?

MR. CROOKS—There may be matters in the future which will have to be considered before we can decisively say that we can rest content with the conclusion which I have drawn, that we have this large amount of surplus assets over liabilities. (Opposition cries of “hear, hear.”) I propose to mention these, and will give hon. members the information they desire in regard to all obligations which are yet to be considered. One may be called an open question. As I mentioned last year there is an unsettled account with Quebec in regard to the sums we have received from the Common School lands. These lands are our joint property, and we are accountable to the Province of Quebec for its interest in the proceeds of those lands. That amount in the same relative proportion as the Arbitrators adopted would give four-ninths to Quebec and five-ninths to Ontario. This would result in our being liable to account to Quebec for \$406,331, being four-ninths of the sum standing to the credit of this Common School fund, viz., \$914,246. We have to settle with Quebec with reference to such portion of the land as remains unsold, and they have an interest in the lands sold and not paid for.

Other questions remain open for settlement, and no doubt this is one of those on which some discussion will arise. A settlement is to be arrived at with Quebec, but we may express our confidence that it will be entirely satisfactory to the House. The annual payments yet to be made

in connection with the Railway Subsidy Fund, which run over twenty years from 1st January, 1872, amount to \$1,750,000. There are some payments to be made to Counties under the Gaol Inspection Act, but they will not exceed \$60,000. Some claims have not yet been preferred, and others are under the consideration of the Government, but that amount will cover all the demands to be made under that Act. Further obligations have been imposed for furnishing funds for drainage purposes, and should be mentioned. But these amounts are in the nature of investments. They involve only a change of investment, and cause no diminution in our assets. I may mention the position of the Province, in regard to them. The amount in drainage debentures yet to be invested is \$110,551. The amount remaining to be invested in drainage works on the security of rent-charges is \$143,795, making the total sum yet to invest in drainage debentures and expend on drainage works, \$254,346. In regard to the Acts which provided for them: the first Act for setting aside the sum of \$200,000 for expenditure by the Department of Public Works for drainage purposes was repealed by the second Act, so that the two Acts made the Province liable only for the supply of funds expended under the first Act, and the amount provided by the second Act. The amount to be thus called for is now \$143,795. These are all the open matters or obligations of the Province yet to be considered in addition to the actual liabilities I have mentioned. And with the exception of the settlement of our accounts with the Province of Quebec, the other items can be readily met, out of the annual income of the Province. This is ample to meet our current expenditures and at the same time leave a margin amply sufficient to meet those different claims as they arise. The annual income is sufficient to meet the payments yet to be made semi-annually on account of the Railway Subsidy Fund, and also the payments to Counties under the Gaol Inspection Act. The other obligation mentioned, is merely a change in investment from one security to another.

There was an apprehension abroad, which perhaps had extended to some members of the House, as to what our actual cash position really is; in other words, whether the Provincial Exchequer is in a position to meet from day to day as accounts are presented all demands upon it. It is extraordinary to note that after the large drafts that have been made upon the Exchequer in connection with

the Surplus distribution, Railway grants, and other purposes connected with the expenditure authorised in the appropriations for the year, the cash surplus remains intact. (Hear, hear.) That surplus, indeed, has not been reduced, but, on the contrary, was larger on the 30th September, 1874, by a considerable sum than it was on the last day in December, 1871, at the close of Mr. Sandfield Macdonald's Administration. (Hear, hear.) I am speaking now of investments in securities equal to cash, such as Dominion securities, which can be realized any day, and special deposits at different banks, and cash at our credit. In this way we hold now nearly three-quarters of a million more of actual cash to meet the demands on the Treasury, than the amount which was in the Treasury at the end of 1871. On the 31st December 1871, there was invested \$3,637,979, and cash balance, \$172,985, making a total of \$3,810,965. On 30th September, 1874, there was invested in Dominion Securities and special deposits in the different Banks \$4,341,153, and in Bank a cash balance \$185,670, making a total of \$4,526,823, as compared with \$3,810,965, in 1871, or a difference of \$715,858 in favour of September 1874. (Hear, hear.)

MR. LAUDER.—But there is the interest going to municipalities to be deducted.

MR. CROOKS—I will take care to refer to the interest and to explain what the Government intend to do with the income. The total amount of assets which are equivalent to cash, and may be realized in twenty-four hours, was on 30th September, 1874, nearly three-quarters of a million in excess of those on 30th December, 1871; and notwithstanding the heavy demands made for purposes which were expressly intended by this Legislature and approved of by the country to diminish our surplus, we stand in as favourable a position as we did at the close of last year. On the 31st December, 1873, we had \$4,448,483, in the shape of cash resources exclusive of the current balance to our credit in the bank. Now, we have \$4,341,153, a diminution only of a little over \$100,000. We have besides been paying, without any difficulty at all, every draft on these special accounts. Whether railways entitled to large amounts in respect of the Railway Funds, or Municipalities entitled to their share of the surplus drew upon us, all demands were met, and the result has been in no way to diminish or sensibly affect the general balance of our cash resources.

An hon. friend opposite has anticipated in a query he has put the next point to which I was about to call the attention of the House, that is, what is our available income, what amount can we expect to receive each year in order that we may meet the expenditure which each year calls for. The expenditures of each coming year are estimated upon the ordinary expenditures connected with the current year, and such public works as we may enter into in the coming year. The large liabilities we are under chiefly arise from objects which were intended to have the effect of diminishing our invested resources such as the Railway Funds and Surplus distribution and yet we are in a position to amply meet all these charges. It is equally plain that, so far as regards the ordinary expenditure of any year, we have a large margin of income. We have an ordinary reliable income, without in any way assuming to add to it from exceptional sources, of nearly two millions and a half; while the ordinary proper expenditure of each year, unless the Legislature thinks fit to enter upon exceptional expenditure, will be considerably under that sum. On the first occasion I addressed this House as Treasurer of the Province, I endeavoured to arrive at a result which I have been able to do more satisfactorily on the present occasion because of the developments of the two intervening years. I was then to some extent guided by a reference to my predecessors, Mr. Wood and Mr. Mackenzie. I took as a basis many of the figures found in Mr. Wood's financial statements, and on that occasion I was unable to state as the result of my conclusion that there was a larger reliable amount in the shape of ordinary income than two millions and a half; and the result of further investigation has convinced me that it would be unsafe for any one charged with the administration of the affairs of the Province to assume that we shall have a larger income in the future to be drawn upon to meet current expenditure. The conclusion Mr. Wood arrived at in 1869 was that we could depend upon three millions yearly for twenty-five years to come. These figures are to be taken with qualifications, and one mode of arriving at a proper conclusion is to see what the actual results of the different years have been. For instance, if they look at the actual receipts from 1868 down to 1873, hon. members will have one mode of testing the conclusion to which I have referred. In 1869 the estimate of receipts was \$2,659,461, but Mr. Wood appears to have omitted to deduct cash on hand which amounted to \$192,945, and he also forgot to diminish the receipts from

the Dominion by interest chargeable against Ontario for its share of the excess of debt over sixty two and a half millions, \$264,447. In other words the estimate in 1869, correctly speaking, should represent the receipts to be \$2,202,068. So again for 1870 the estimated receipts were \$3,002,185, and should have been \$2,487,891. So in 1871, the estimate was \$2,660,538, and should have been \$2,236,432. In 1872 the estimate, \$2,796,999, instead of \$2,624,064. In regard to 1873 the estimate was \$3,090,391, but properly should have been \$2,737,400, deducting only the cash in the bank. Now the actual receipts for those years, as compared with the estimated receipts, establish pretty clearly my proposition ; in 1868, the actual receipts were \$2,260,176 ; in 1869, \$2,625,179 ; in 1870, \$2,500,695 ; in 1871, \$2,333,179 ; in 1872, \$3,060,747, but there was a large addition that year on account of woods and forests ; and in 1873, \$2,962,315. In coming to the conclusion that two millions and a half would be our annual reliable income, I have taken into consideration the deductions in the receipts from Crown and Grammar School lands, in consequence of the reduction in prices and the payments that are now coming in, \$100,000 ; Municipal Loan Fund receipts, on account of the payment of old debts \$50,000. In interest on investments \$50,000. Our investments now realize \$250,000; but supposing our invested funds are reduced to \$3,000,000, and allowing \$1,000,000 to meet surplus payments, there will be \$150,000 still of interest to be received each year from investments. For marriage license fees which have been removed \$35,000, so that there is \$235,000 of revenue which had been estimated for in previous years, which could not be estimated for in the future. As a set-off to these reductions we have an addition to our receipts of the amount of interest formerly payable by us on the excess of debt with which we were chargeable jointly with Quebec, on which we were paying not less than \$291,666 yearly, so that our resources are increased to that extent, or, in other words, the amount received annually from Canada is not diminished by that sum. We can also bring in from stamps, licenses to taverns, shops, &c., and casual revenue \$50,000 more than we have been in the habit of receiving in past years. So that the diminution is set-off by the increased revenue of \$341,666 which we can look to. Then as a charge upon our annual normal income, it will be interesting to hon. members to see what our proper annual expenditure should be, and I have collected the figures

from the records of my Department and can state them precisely to the House. The difference between the appropriations and actual expenditures, or otherwise the actual unexpended amounts would be the best guide. The actual payments will be a more satisfactory test than the votes passed by this House. The actual expenditure for 1868 was \$1,192,356, leaving unexpended \$160,321. In 1869 \$1,444,608, leaving \$179,306; 1870, \$1,580,663, leaving \$319,914; 1871, \$1,816,866, leaving \$764,694; 1872, \$1,847,956, leaving \$464,677; 1873, \$2,460,212, leaving \$483,849. The large increase in 1873 can be explained, because in that year a portion of the appropriations of 1871 and 1872 which had not been expended in those years was expended in 1873, so that the normal expenditure charged to 1873 would be arrived at by considering how much of the expenditure of that year was applicable to the unexpended votes of 1871 and 1872. The amounts then unexpended reached to more than a million of dollars. In 1871 the amount unexpended was the large sum of \$764,694, and in 1872, \$464,677, so that the expenditures which were contemplated by the appropriations were consumed by carrying down the appropriations of 1871 and 1872 into the re-votes of 1873. That appears clearly when one has reference to the appropriations made for Public Buildings and Works, because it was chiefly in regard to that service that non-expenditures have arisen. For instance, in the year 1871, \$348,991 were not expended in connection with the appropriation for Public Works and Buildings, and in 1872, \$306,930, making two-thirds of a million unexpended of the appropriations in those years, which fell upon 1873. But if hon. members will refer, in addition to the figures I have given, to the Estimates of the current year and the Estimates of 1875, it will appear quite clear that the ordinary current expenditure can be kept within a limit of \$1,800,000. Last year the estimate was \$1,792,013. The estimates of 1875 require a current expenditure of \$1,807,594 for the same purpose.

MR. RYKERT—There is the \$100,000 for railway grants to be added to that.

MR. CROOKS—It is desirable to draw a distinction between expenditure in any year and its ordinary normal expenditure. Some of our recent expenditures have been with a view of diminishing our sur-

plus funds, and are properly payable out of our surplus funds to the extent of more than three millions.

I estimated the revenue of 1874 to amount to \$2,672,805, but then it must be remembered that in that estimate of receipts there was included a cash balance in the bank of \$277,948, in other words leaving the estimated receipts of 1874, \$2,394,857. Now as against that, what in fact has been received up to 30th September, 1874? The figures show that we have received on current income for nine months \$2,413,228, which is in excess of the amount to be received for the whole year. One month has made a considerable addition. In the ten months to 1st November, the gross total amounted to \$2,725,822. I can explain how that large sum of \$300,000 has arisen. A portion of it has come from the sale of Municipal Loan Fund debentures on account of the new debt, \$220,957, which is not to be considered normal income, because it is payment on capital account. I will give the figures, showing from what sources this \$2,413,228 has proceeded. I estimated that I would receive for interest on investments \$150,000. Up to 30th September, 1874, there has been received as interest on investments \$217,591, and if I add to that \$2,663 interest on drainage debentures I have an excess for interest on investments of \$70,254 over my estimate.

Mr. RYKERT.—How much belongs to municipalities?

Mr. CROOKS.—No portion of it. The Crown Lands Department shows a decrease of \$86,614, for the nine months, compared with my estimates for the year. (Hear, hear.) For the nine months, recollect. I have yet to receive the income for the two best months for Crown Lands collections. My estimate was \$684,288, of which I have received for nine months a sum of \$556,423, leaving yet to be made up \$86,614. My estimate of last year included receipts from Clergy Lands and Common School Lands. I have since had a statement for the month of October, and that month has brought up the amount to a total of \$597,674. From casual revenue, \$11,775, has been received for the nine months, leaving \$10,225. For licenses to taverns, shops, &c., \$110,298 has been received, being \$30,298 in excess of my estimate. In Algoma taxes there is a slight deficiency of \$1,421 to be made up. Law stamps show the receipts for the nine months to be \$25,064 in excess. From the Education Department nearly the total amount estimated has

been received. Public institutions show only a difference of \$4,326 out of an estimate of \$30,000. The annual subsidy has been received and amounts to \$1,333,569. Then come receipts from the Municipal Loan Fund old debt, which I did not estimate for, amounting to \$92,267, and receipts from the Mimico Farm lots, at \$1,592, showing altogether, as receipts from ordinary revenue, \$2,504,859, as compared with \$2,394,857, the amount I estimated for. I have added to the nine months receipts an additional month to include the receipt of a considerable sum from the Crown Land Department. But taking only the results for the nine months of the present year I have reached more than the total sum estimated, the amount being \$2,413,000, while my estimate for the whole year was \$2,394,000. (Cheers.) Our position is, however, stronger because there must be added the amount of cash in hand, 1st January, 1874, \$277,948; the receipts from the Municipal Loan Fund debt, \$220,957; unexpended, \$200,000; making together \$698,905. So there will be between \$600,000 and \$700,000 of receipts in excess of our expenditure, for the year 1874, to be added to our surplus funds. (Hear, hear.)

The next point for the attention of the House is a comparison of the appropriations for 1874 with the actual expenditures, and which will be found in the statement now in the hands of hon. members. That statement shows with reference to the appropriations for this year an unexpended balance of \$912,077, and over-expended \$42,023. This difference is to be largely explained by the fact that one quarter's current expenditure is yet unexpended, amounting to \$450,000. There will be an unexpended balance of \$150,000 on public buildings, of \$54,000 on public works, \$47,000 on colonization roads, and about \$200,000 expenditures for various services. I can rely upon the actual expenditures for this year being something like \$200,000 under the estimates. (Cheers.)

I have now, Mr. Speaker, to bring before the House the estimates for the year 1875. It will be seen from the summary that the estimate on current account for 1875 is \$1,807,594, as compared with \$1,792,413 for 1874; \$270,000 on capital account, as compared with \$618,295 for 1874; \$110,063 for other purposes, as compared with \$188,587 for 1874. In other words, the estimates for 1875, covering the same subjects of expenditure, are four hundred thousand dollars less than the estimates for 1874, the amounts being respectively for 1874, \$2,599,296 ;

and for 1875, \$2,187,657. A reference to the estimates will show wherein the differences consist. For current expenditure the difference is slight. On capital account for public buildings the new appropriation amounts to only \$14,830, and for public works only \$24,500, while there is a re-vote of \$132,370. I may further explain them when the House comes to the discussion of the different votes.

Having regard, Mr. Speaker, to the estimates for 1875, and the proposed sources from which I intend to derive revenue, there need not be the slightest uneasiness on the part either of hon. members or of the public as to the financial position of the Province. (Cheers.) I propose to draw from reliable sources, without assuming to rely on receipts on capital account; and will lay before the House a statement of the sources on which I can properly rely for income, as a means of meeting the expenditures of the year. The item of interest has been referred to. I only propose to take \$150,000 for 1875 as interest accruing from our invested funds, inasmuch as they may be diminished by one million of dollars. This is a large allowance to make, and if we take interest at the rate of five per cent. on the reduced investments, we will have a safe margin. The drainage debentures, \$95,000, at five per cent., will realize \$4,750, and there are rent-charges amounting to \$6,872, for drainage works. The income then from interest will be \$161,622. As to the Crown Lands Department, I have been furnished with an estimate showing anticipated receipts from all sources for that Department to be \$752,000. The items are:—Crown Lands \$100,000, Grammar School 12,000, Woods and Forests \$490,000, Clergy Lands \$60,000, Common School Lands \$90,000. The Department has given no estimate of receipts from Mining Lands. Other items are—Casual Revenue \$15,000, Licenses \$80,000, Algoma Taxes \$5,000, Law Stamps \$60,000, Education \$51,100, Public Institutions \$30,000, Municipal Loan Fund, arrears of old debt, \$30,000. The Dominion of Canada will give us the usual subsidy, which, according to the population of 1861, will amount to \$1,116,872. We shall also receive an allowance for Government of \$80,000; interest on Trust Funds, being Upper Canada Grammar School and Building funds, \$89,258; interest on five-ninths of Common School Fund \$47,438, making a total of \$1,333,569. A cheque for one-half this amount is paid over to the Treasury Department each half year, under the arrangement made after the Act of 1873

was passed, under which the Dominion assumed the excess of the debt chargeable against Upper and Lower Canada. This is now the sum paid by the Dominion, the interest on the Special Trust Funds, our share of the Common School Fund, and the subsidy under the Confederation Act.

MR. LAUDER asked for a statement to be produced.

MR. CROOKS—The letter reads as follows:—"Finance Department, Ottawa, Oct., 1873. I have to acknowledge the receipt of your note. The subsidy for Ontario is made up as follows: Subsidy by population of 1861, \$1,116,872 80; allowance for Government, \$80,000 00; interest on Trust Funds (Upper Canada Grammar School, Upper Canada Building Trust, \$89,258; interest on five-ninths of the Common School Fund, \$47,438 62, making a total of \$1,333,569 42. The payment each half year will amount to \$666,784 71. (Signed) John Langton." All payments have since been made in accordance with that statement. At present we are content to receive interest on the Trust Funds. I take these amounts as the probable receipts for 1875, without reference at all to receipts on capital account. I assume that we will receive during 1875, \$2,518,291, and only propose to take appropriations which will absorb \$2,200,000 of that sum, leaving the probable excess or surplus of receipts over expenditure for the year 1875 of \$300,000.

MR. LAUDER—Will the hon. gentleman give the statement of the amount to be received from Crown Lands?

MR. CROOKS—It is \$752,000.

MR. LAUDER—Is not that a large amount?

MR. CROOKS—There has been a depression in the lumber trade, but I think that in a short time we will be able to congratulate ourselves that this has completely passed away. The sale in Quebec of deals and square timber has increased during the past two months.

In connection with these financial statements, it is well to show that there are many items of expenditure which may be said not to be wholly lost to the country. We have public institutions and public works from which the country is deriving advantage, and the expenditure made on them is not thrown away, but produces much benefit. The amount absorbed in these objects has gradually increased. Each year we have been expending a large portion of our revenue upon permanent improvements, which includes public works, public build-

ings, and colonization roads, and the expenditure at the end of 1873 amounted to \$2,445,256. The expenditure for this year, 1874, will increase the expenditure under this head by \$460,000, and will bring up the amount to \$2,905,256. There has been an increase in different years of expenditure, the most noticeable being the expenditure of 1873 as compared with 1871 and 1872. But a small proportion of that increase is to be assigned to salaries and contingencies so often referred to as the reason for the difference in expenditure. Only \$24,734 of the increased expenditure of 1873 as compared with 1871, can be assigned to the difference in salaries connected with the departments of Civil Government. I also find that \$13,000 only can be assigned to the difference in the expenditures in connection with contingencies for these departments. (Hear, hear.) In other words, in the large difference between \$2,460,212 in 1873 as compared with \$1,816,866 in 1871, there is only an excess of \$24,734 in the amount expended in the salaries of the Civil Government, and of \$13,000 in the contingencies in the different departments of the Civil Government. But if the true cause of the increase for 1873 over 1871 is investigated, it will be found attributable to expenditures in the public service upon which there should be no difference of opinion in our community. For example, the expenditure for 1873 on public buildings shows an excess of \$176,783 over 1871, on education of \$106,847, on asylum maintenance of \$51,688, on immigration of \$129,466, on colonization roads of \$90,541, on municipalities fund of \$45,881 ; making a gross difference between 1871 and 1873 of \$643,345.

Perhaps hon. members may wish to understand how the large surplus of cash resources and invested funds has arisen. I have a statement to show this. For instance, at the beginning of 1868 the surplus was \$126,229 ; at the end of 1868 it was \$1,067,819 ; in 1869 \$1,180,570 ; in 1870, \$920,032 ; in 1871, \$516,312 ; in 1872, \$1,212,791 ; in 1873, \$502,103 ; making a total excess of receipts over expenditures of \$5,525,859, which has been disposed of in this way. The sum of \$4,394,534 was invested up to the end of 1873 ; \$372,786 was paid away on account of the Railway Fund in 1872, and \$426,642 in 1873 ; for drainage debentures, \$53,949 ; and there was in the bank on 1st January, 1874, \$277,948. From these figures hon. gentlemen will see how the surplus has resulted, and which of the different years has contributed to it.

I must have sufficiently exhausted the patience of hon. members while thus endeavouring to give them a correct knowledge of the financial position of the Province, from sources which are authoritative. It conclusively appears that it is idle to assert that, in our time at least, any farmer or ratepayer in the community will ever be called upon by a taxgatherer on account of the Province of Ontario. (Hear, hear.) This is the third occasion on which I have been required to fulfil the duty of laying before the House and the country an exhibit of the financial affairs of the Province. I can say that as far as the Government of Mr. Blake, or the present Government, is concerned, there is not room for asserting that the expenditures of the Province have been in any way governed by extravagance. (Hear, hear.) While the records of the country show the contrary; while any impartial person investigating these results must come to the conclusion that the affairs of the Province have been conducted with all due economy, and without extravagance, I do not mean that either of these Governments can be charged with the opposite vice of parsimony. With our large resources we would be shortsighted indeed, the Government would be unworthy of the confidence of the people, if we did not endeavour to act with that cautious and wise liberality which would involve expenditure, but expenditure which would be productive of manifold benefits to the community. (Hear, hear.) Mr. Treasurer Wood in one of his financial statements, at a time when he began to see that there would be an accumulation of resources as compared with our normal and necessary expenditure, was sanguine enough to indulge in the hope that at least a million of dollars might safely be spared for the development of railway enterprises, but it remained for Mr. Blake to inaugurate a policy in respect of which he had a sound basis to go upon, and that was a policy which involved a larger measure of liberality in aiding railways, and some measure of justice to the non-borrowing Municipalities. But it would be impossible to carry out a policy so wise, so necessary, and so desired by the community without absorbing a very large amount of the accumulated resources of the country. That policy involved nearly two millions of dollars for railway purposes, and three millions for distribution amongst the municipalities, or in other words to carry out that policy which this Government has had the opportunity of doing, and for which everything has

been perfected, wherein nothing remains to be done but to pay to the different railways and municipalities their share of the accumulated resources as provided by the different schemes, when nothing remains but to honour the drafts made upon the Treasury by the railways and municipalities, when after all this there remains in our Exchequer a larger surplus than was anticipated, the position of Ontario is not one which can be alluded to otherwise than as of the soundest character. We will require an extravagant Government, one which will be unworthy of the trust committed to them, if the time comes in the present generation, when by reason of any policy inaugurated, or expenditure involved, it will become necessary to make an appeal to direct taxation.

I propose to offer further proofs of financial prosperity and soundness ; Mr. Wood drew a contrast between the position of the Province of Ontario in 1867 as compared with that of 1840, in regard to the bank capital or available cash resources for carrying on the trade operations of the country, and I wish to present to the House some further figures. While Treasurer Wood showed that in 1840 the banking capital of Ontario was only two millions of dollars, and that it amounted to thirteen millions of dollars in 1867, we find that on the 30th September, 1874, it amounted to \$16,197,250; and again in the matter of deposits which, as well as capital, serve to give life to the business energies of banking institutions, there was cash on deposit in 1840, \$798,000; in 1867, \$14,000,000; and in September, 1874, it amounted to \$20,442,570. (Hear, hear.) There are, besides, large accumulations of capital with other societies which are doing service in developing the resources of the country, such as Building and Loan Societies, Fire and Life Insurance Companies. The deposits in the Post Office Savings Banks exceed three millions and a half, and Ontario has contributed the larger proportion. There are some banks whose head-quarters are in the Province of Quebec, but whose transactions extend to Ontario, and we find that the subscribed capital of the banks of the two Provinces amount to \$61,983,816, while the deposits are \$83,409,027. Portions of these deposits are payable on demand, while a portion are payable on notice or after a fixed date. A certain amount is derived from Government sources, but from the amounts deposited by private persons, it appears there is a large amount of surplus capital which represents the savings of the people, and a supply of cash over their wants.

I also furnish a statement of our progress in connection with railway works, which shows two things—first, great progress in making railways and developing parts of the country hitherto unserved by railways, and second, that a large expenditure of money has been made. In Ontario we have now a total mileage of completed railways of 2,445 miles. There is in addition 662 miles in process of construction. The mileage of railways completed in Ontario since 1st July, 1867, reaches 1,110 miles, built at a cost of \$26,282,709. There have been completed during the present year ninety two miles of railway. The estimated expenditure in 1874 on railway works amounts to \$2,049,572, while the cost of completing the 662 now in progress is estimated at \$9,993,621. All these railways, it should be remembered, are within the Province of Ontario. The particulars will be annexed to the usual printed copy of my financial statement.

There is but one conclusion to be drawn from the facts I have presented—that this Province has made great progress in material resources, and it is fortunate for the whole system of Confederation that the Treasurer of Ontario is able from time to time to state this unequivocally. This Province is considered the backbone of Confederation, and its shoulders must mainly sustain the burdens which the Dominion has taken upon itself, in the great effort of assuming to settle and civilize an area of territory almost greater than the Continent of Europe. (Cheers.) It will be satisfactory no doubt to the other Provinces, as well as to those portions of the Empire which take an interest in the great work Canada has taken upon itself, to understand that there is a member of the Confederation able to show so healthy and vigorous a growth. The statements I have laid before hon. members demonstrate the strength there is in the financial affairs of the Province and the resources of our community; and that we are not content to “rest and be thankful;” but that the whole country is engaged in a career which invites the energy of every Canadian; of every one who has made Canada his home; that it is not possible for any inhabitant of Canada, or for any of its Governments to remain quiescent and not take part in the career which still lies before us. The facts brought forward afford solid and substantial ground for the conclusion that the prosperity of Ontario rests upon elements of success which are in no way doubtful; and we are thus giving the best corroboration to the opinion lately ex-

pressed in Toronto by the Governor-General, and which is now ringing in the ears of the people of Britain—that with regard to those institutions, and those laws which serve to protect and preserve the lives and property of the people of the country, as well as those whose tendencies are to civilize and improve the general culture of the people; and with regard to substantial and material resources, Canada has for its future the brightest and most brilliant auguries. It is impossible to add to the eloquent words in which our position has been set before the empire at large by His Excellency. It remains to take his warning to this Administration, and to any which may succeed us, that under any circumstances the people of Ontario are in a position to call any administration which may act contrary to its wishes to account. We know that if we cannot give full and satisfactory explanations in justification of our trust, the people of Ontario have the will, as well as the constitutional power, to put in our places men better qualified to fill them. (Loud cheers.)

MR. LAUDER asked if the hon. gentleman did not intend to give some explanation as to his sale of Municipal Debentures.

MR. CROOKS—I am ready to give the explanations which the hon. gentleman asks for, but had not intended doing so now, as I have not with me the papers to which I should refer for figures. Trusting to my memory I may, however, give some statement that will explain my transactions in this matter. The amount of the few debentures, which is the result of the reduced indebtedness of the municipalities, is £364,400 sterling. The debentures are from seventeen municipalities, and they mature from the 31st December, 1874, up to and inclusive of the 31st August, 1893. Of the amounts maturing on and after to the 31st December, 1880, there were £313,300 sterling. The debentures were placed in my hands under a Commission issued from the Government for the purpose of endeavouring to negotiate the sale of them in England. £51,100 of shorter dated debentures authorized and dated were retained here for the purpose of collecting and realizing as purchasers might be got for them. Only debentures payable after some considerable period would be likely to find purchasers on the other side, investors not desiring to be obliged from time to time to look out for new investments by reason of the return of their principal invested. This £364,400 of debentures were properly executed by the municipalities, and were

in sums of convenient amount, but in sterling money, payable, principal and interest, at the office of the Bank of Scotland in London, the agents in Britain of the Bank of Commerce, the financial agents of the Province of Ontario. These securities represent the aggregate amount of the indebtedness of each municipality to the Province under the terms of the Act of 1873. There was no difficulty between the Government and any municipality with regard to the gross amount of the indebtedness of each municipality, and for which they gave their debentures. The only hesitation was in regard to the Town of St. Catharines. That town, acting for some reason I am not aware of, refused to authorize their Mayor, although personally willing, to execute the debentures under the corporate seal, and the consequence was that they were executed by trustees appointed under the Act, instead of by the corporation of the Town of St. Catharines under its seal and the signature of the Mayor. Since this, the corporation have declared their readiness to pay the interest and to make all provisions required of them by the Act. In point of law the debentures signed by the trustees are just as much obligatory and as binding upon the ratepayers of St. Catharines as if they had been sealed under the common seal of the town. It is not to be expected at this time of day when the larger number of municipalities have consented to the reduction in favour of indebted municipalities that any Government would be sustained in allowing any municipality whose debt had been reduced, to shirk one farthing of the new debt. (Hear.) No difficulty will occur, as the matter has ceased to be anything more than one under Departmental control. I will proceed to mention what has become of these debentures, that the House may be as fully advised on this matter as myself. The price at which I sold those debentures maturing in December, 1880, was £90 10s., and if hon. members will refer to the tables they would find that if a purchaser gave £90 10s. for £100 payable in 1880, the interest being at five per cent., he would realize on his investment at a rate of over six and three-quarters, and under seven ; while if they take a later date, for instance, the debentures payable by the 31st of December, 1885, they will find that the purchaser at the price of £88 of debentures then maturing would get about $6\frac{1}{2}$ per cent., and if they take those payable on the 31st of August, 1893, they will find that the rate was under $6\frac{1}{2}$ per cent. In no case, then, would the price of these debentures yield the purchaser over seven per cent.

The larger proportion of the debentures £249,400 mature in 1893, and would net less than six and a half per cent.

In my financial statement for 1874, referring to these debentures as part of our assets, I deducted fifteen per cent. from their face and it makes all the difference whether securities are six or five per cent. as to the question of deduction. For instance if you take six per cent. twenty years' debentures at 90, they would realize $6\frac{3}{4}$; in other words, a six per cent. debenture would be a better investment at 90 to a purchaser, than any debentures such as these. I have taken these figures from a correct and authorised work entitled "Stock sales and financial operations in New York, by Wm. Price."

MR. RYKERT.—Who fixed the prices for our debentures ?

MR. CROOKS.—I will inform hon. members what the prices are. On another occasion, if it becomes necessary, I shall be very glad to furnish the House with information more in detail than on the present occasion. First, as Treasurer, having this large sum of \$1,800,000 to realize, and to obtain cash to meet the necessities of the distribution scheme, I had to consider how these debentures could be best converted, that municipalities should receive in money the amounts accruing to them. Under the Act, almost every advantage that an indebted municipality could claim was accorded to them. It was provided that on the new debt only five per cent. interest should be exacted. So I had to deal with securities bearing interest at only five per cent. In the next place the Act required that the debentures should not run for a longer period than twenty years, and that the amount should be payable at different times during the period ending 1893. I have stated the difference between the price of a six per cent. and a five per cent. debenture, having regard to the rate which the purchaser will have returned to him. Eighty-four per hundred pounds payable in $19\frac{1}{8}$ years, at five per cent. is about the same in point of return as ninety-seven for 20 years debentures, at six per cent. There has been much misconception in regard to this matter with private individuals and in the newspapers. Thirty year five per cent. debentures if purchased at 104 would return $4\frac{3}{4}$ per cent., which would be the result of thirty year debentures at four per cent. if purchased at eighty-eight. Hon. members will see that the dissimilarity of the debentures greatly interfered with the price to be realized. Another element of success was wanting, that in regard to £249,400 of it there

was no provision for a sinking fund. In the next place we had sixteen or seventeen different municipalities to deal with. The exhibit I published in London showed that the position of one municipality as compared with another was different. In other words, a large County like Northumberland and Durham had a first charge against it of only £45,800, while its resources amounted to nine or ten millions pounds sterling; Perth, with a debt of £28,800, has resources of ten millions; while the town of Chatham and some of the other towns were in a much less favorable position.

MR. RYKERT.—How about Brantford?

MR. CROOKS.—Brantford shows pretty well, having resources of upwards of two millions.

MR. HARDY.—And St. Catharines?

MR. CROOKS.—St. Catharines also shows well—better even in regard to its resources than Brantford. The different securities were obliged to be treated as of the like value. The security of course was ample to satisfy any person who desired to invest in these debentures. I do not suppose that any one fully informed on the subject, or with the same knowledge as ourselves, could refer to the securities as other than the highest order. The circular which accompanied these documents places that beyond question. This circular was not published in the newspapers, but was placed in the hands of every broker who made enquiries. It states the special advantages possessed by these debentures, and ought to have its intended effect upon purchasers. The circular is dated 30th June, 1874.

Whether it was good policy to recommend to my colleagues that these debentures should be in sterling rather than in currency, my reason was that there is in Canada a small market only for municipal debentures; that a few hundred thousand dollars would suffice to supply the whole market; and if the debentures had been offered here the effect would have been to depress every municipal security in the country. Where then was as a market to be got? The larger proportion of municipal debentures sold in Canada seek their market in Britain, and therefore it became necessary that they should be in the form approved of in the British market. To meet the wants of British investors these securities had to be in a form that is known to them, that is in sterling. With reference to the denominations it was considered convenient that the

advanced reasons against my proposition to combine the two classes of securities. He said, in assuming to place on the market a combination of municipal debentures unsecured, and securities of the Dominion, it would be a financial mistake. That such a proceeding would depreciate the value of the Dominion five per cents. As to the municipal debentures, he said his experience had not been a satisfactory one, and he wished to be careful in the matter. He proceeded to discuss the question, whether or not the municipal debentures could be guaranteed by the Province. My instructions, I said, did not go that far. I pointed out that while financially the Province was strong enough to take up the debentures itself, the policy to which the Government was committed, and which had been adopted by the Legislature, was that the debentures should be sold in open market, and that the Province once and forever should free itself from all further complications in respect to the Municipal Loan Fund. I mentioned to Mr. Currie that it was not the necessities of the Province which required us to go to find funds in London and that it would be financially to our advantage to retain the securities; but for political and other reasons the Province wished to have nothing more to do with them after they had been placed in the hands of purchasers. I mentioned that a guarantee would in effect result in a payment by the Province, and as such would be contrary to the Act of 1873, and further that if we had to guarantee the debentures we might as well keep them in the Treasury and from time to time collect the amounts due, thus saving any loss on the sale. While admitting the truth of this, Mr. Currie, for a banking house and financial firm, felt that it would require the debentures to be guaranteed by the Province before his firm could come forward and with Messrs. Baring undertake to sell them.

MR. LAUDER—Did you tell Mr. Currie that the surplus funds were £800,000 sterling?

MR. CROOKS—Four million of dollars. I had gone thus far with Mr. Currie when Mr. Cartwright appeared, and during ten days was occupied with Mr. Currie. It was very desirable that the Dominion securities should be placed on the London market without delay, as the time was opportune, and as our amount was small compared with the sum required by the Dominion, I acquiesced in Mr. Currie's advice not to allow it to interfere with the larger loan. This brought me to the middle

of June before I had another opportunity to consult with Mr. Currie as to whether his firm and Messrs. Baring would not act in the sale of our debentures. I knew that if Messrs. Glyn, Mills & Co., would offer the securities they would at once be taken up from the confidence of the public in the standing of the House. Mr. Currie adhered to his previous decision, that his firm could not deal with the securities unless they were guaranteed by the Province. At the same time he kindly undertook to see the Chairman of the Railway Debenture Trust Company about the securities.

The Chairman of that Company is Mr. Laing, a gentleman well known in financial circles. The inducements I was prepared to offer were not sufficient for him or his Company to deal with us. There was an advantage in offering these debentures to a Trust Company, for being *per se* unmarketable they might be placed upon the market and obtain a stock exchange quotation if they were introduced as part of the securities of the Trust Company. But the price was not sufficient to tempt this Company, and the amount required was larger than the Company could invest in under its constitution. There was nothing in the price or character of the security to tempt Mr. Laing to enter upon a negotiation on behalf of his Company. Failing in this Mr. Currie was good enough to place me in communication with the leading firm of brokers in London, Messrs. Cazenove & Son. I saw two of the members of the firm, and was met with the difficulty that the debentures themselves could not be made the subject of quotation on the Stock Exchange—a circumstance injurious to the sale of any security. It must be susceptible of a Stock Exchange quotation. I proposed several schemes to Cazenove & Son, and they took pains in informing themselves thoroughly of the debentures, but the conclusion was, that the only way in which they could be disposed of was by personal efforts amongst investors who were prepared to take them as safe investments although they had an unmarketable quality. I had already discussed with Mr. Currie that these securities might be made the basis of a debenture trust, and so overcome this radical difficulty. Mr. Cazenove also considered the debentures with that view, but thought it would result in failure. I was thus placed in the difficulty of finding an agency which would take the personal trouble of finding that class of persons who were prepared to invest in an unmarketable security like these. That brought me nearly to the end of June. At this time other

loans were about to be brought forward. At the time Mr. Cartwright offered the securities of the Government of Canada, the money market was to a great extent free from foreign and domestic loans, but I learned that in July there would be a great demand on the money market for investments. Under all these circumstances, I came to the conclusion to insert in the newspapers an advertisement which would clearly set forth what there was in these debentures, and to publish it to such an extent that anyone who had money to invest would have an opportunity of judging for himself. To effect this I had recourse to a Company which of all others was the one which was best fitted to answer my purpose—the Colonial Trusts Corporation. Personally I have known the Corporation for years, and they have invested a million of dollars on mortgages in Ontario. I knew that it had obtained a high reputation in London ; that it had a large body of clients who had confidence in the security which lands in this Province offered them ; that it happened to be the only Company in London which undertook to act as financial agents for different colonies ; that it had negotiated a loan for the Province of British Columbia, also a loan for Natal ; it had a respectable directorate and body of clients, it occupied rooms on the ground floor of one of the largest buildings in London devoted to financial companies. I knew that the Directors understood the questions connected with these debentures, and that as to commission the terms would be the lowest possible. On the 30th June I inserted an advertisement in all the leading papers. The statements were full, and material reasons were given for persons to invest in these securities. The comments in the money articles in these papers were to the point, and showed that these debentures were the first charge on property of ample value, and also the extent of responsibility of the Government of the Province of Ontario, who were assuming to dispose of them, and the reasons for their disposal. The result was what I had anticipated. The attention of the whole of the leading brokers and solicitors and others in London was directed to my advertisement. Applications for prospectuses came in from the brokers of Drummond & Co., Coutts & Co., and other leading bankers, and enquiries were made from every quarter. These enquiries had to be met with the usual response that the Province of Ontario did not guarantee the debentures in any way. I saw the solicitor of the Company, Mr. Freshfield, (also one of the Solicitors of the Bank of England), who took a warm

interest in the object I had in view, and had a good knowledge of the kind of securities I had to dispose of, and he introduced me to those who would be likely to invest. Subsequently I proceeded to Scotland, and succeeded in inducing the Manager of the Scottish American Investment Company, in Edinburgh, to undertake the sale of the debentures for Scotland at a reasonable commission. It was then the middle of July, late in the season, and everybody was closing up his transactions, and it was thought that after the holidays, about the beginning of October, my object could be carried out. I lately received a letter from him to the effect that he would be able to sell the entire undisposed of remainder of the debentures. I have again had a letter from him to-day, repeating the same thing. If, however, any further information is required, the Public Accounts' Committee will be able to look into the matter, and will have before them all the papers and information relating to the subject. The practical result of what has been done so far is, that I have secured \$430,000 cash for the debentures which have been sold. I found in the course of my negotiations that it was an unsurmountable objection among brokers that they could not have a Stock Exchange quotation so as to be sold at any moment. I have statements to show that six per cent. debentures of the city of St. Louis—one of the largest and most important cities in the Union—for permanent improvements were offered at 93, and that Russian five per cent. freehold securities were offered as low as 81, although both of these could be bought or sold on Change at any time. I can place the House in possession of the most complete information on all these points in the Public Accounts Committee or elsewhere. I may also state in conclusion that I have been influenced in these transactions solely by a sense of duty, by a desire to realize at the lowest cost the highest price for these securities. My expenses have only been in part defrayed by the Province, but in no way—and I court the fullest investigation with regard to any point of that kind—have I endeavoured to do anything but my whole duty to the Province. (Hear, hear.) There is no one possessed of the slightest knowledge of securities of this sort who, when he comes to know all the facts, can say that in any particular I have been guilty of either indiscretion or neglect. And I can assure hon. members that I am prepared to answer fully any enquiry they may desire to put to me, as a member of the Government, with regard to this matter. (Applause.)

STATEMENT of the Assets and Liabilities of the Province of Ontario
on 30th September, 1874.

I. INVESTMENTS.

a. \$500,000. Dominion	6 per cent. Bonds, purchased June 5, 1868	\$500,000 00	
\$350,000 do	6 per cent. Stock, purchased October 28, 1868...	350,000 00	
£150,000 stg. do	5 per cent. Debentures, purchased March 2, 1869—c. 95 to 97	705,471 68	
£250,000 stg. do	5 per cent. Debentures, purchased July 19, 1871 —c. 98.	1,192,333 33	
			\$2,747,805 01
b. Special Deposits in Bank at 5 per cent—			
Canadian Bank of Commerce	\$300,000 00		
Ontario Bank	300,000 00		
Dominion Bank	203,174 38		
Bank of Toronto	150,000 00		
Royal Canadian Bank	290,174 31		
Montreal Bank	50,000 00		
Quebec Bank	150,000 00		
Hamilton Bank	50,000 00		
St. Lawrence Bank	50,000 00		
Merchants Bank.....	50,000 00		
		1,593,348 69	
c. Balance of cash accounts in Banks to credit of Province...		185,670	
d. Municipal 5 per cent. Debentures for Drainage, purchased up to January 1st, 1874 (18 Municipal Corporations)	53,949 22		
Do to 30th September, 1874	35,499 25		
		89,448 47	
e. Rent charges on Municipalities for Drainage Works--			
1. Under Act 33 V., c. 2, completed	\$77,287 58		
“ “ uncompleted	82,626 39		
	\$159,913 97		
2. Under Act 36 V., c. 38	30,370 10		
		190,284 07	
f. Municipal Loan Fund debts 5 per cent. sterling Debentures, value at 30th September, 1874, with balance of new debt not included in Debentures, £1,273 7s. 8d. sterling.....	\$1,530,481 98		
Town of Niagara	14,205 04		
Arrears of old debt for payments due in 1873...	39,181 54		
		1,583,868 56	
g. Special or Trust funds with Dominion of Canada, as follows :—			
1. U. C. Grammar School Fund.....	\$ 312,769 04		
2. U. C. Building Fund.....	1,472,391 41		
3. Common School Fund, 5-9ths of \$1,645,644.42	914,246 63		
		2,699,407 08	
(Interest paid annually by Canada on (1) and (2)	\$89,258 00		
On (3)	47,438 62		
	\$136,696 62)		
h. Value of Library assigned by Arbitrators to Ontario (and declared payable by Dominion).....		105,541 00	

i. Value of \$850,000 at $8\frac{1}{2}$ premium Cy., Stock.....	\$72,250 00
922,250	
<u>\$72,250</u>	

And Debentures of Canada, in excess of amount charged for purchase—

£150,000 purchased for	\$ 705,471 68	
Do £250,000 “	1,192,333 33	
	<u>\$1,897,805 01</u>	
£400,000 Stg. Debentures, at $7\frac{1}{2}$ prem.	2,092,668 10	
	<u>194,863 09</u>	
		<u>\$9,462,486 02</u>

LIABILITIES.

1. Railway Fund—balance unpaid	\$1,100,572 00	
2. Railway Subsidy Fund—balance unpaid on half-yearly payments, inclusive of 30th June, 1874	\$250,000 00	
Less paid Can. S. Railway	35,499 25	
	<u>214,500 75</u>	
3. Surplus distribution payments—		
Amount under revised schedules	\$3,115,733 66	
Amount paid to 30th September, 1874	724,673 30	
	<u>2,391,060 36</u>	
Still payable	2,391,060 36	
Total liabilities	<u>\$3,706,133 11</u>	

SUMMARY.

Assets	\$9,462,486 02	
Liabilities.....	3,706,133 11	
	<u>\$5,756,352 91</u>	
Surplus or excess of assets over liabilities	<u>\$5,756,352 91</u>	

STATEMENT of the Estimated Normal Income and Expenditure of the Province of Ontario for the Year 1875.

INCOME (estimated).

1. Interest.			
1. Investments, say \$3,000,000. at 5 per cent ...	\$150,000	00	
2. Drainage Debentures, \$95,000, at 5 per cent..	4,750	00	
3. Rent charges	6,872	00	
			161,622 00
2. Crown Lands Department—			
1. Crown Lands	\$100,000	00	
2. Grammar School	12,000	00	
3. Woods and Forests.....	490,000	00	
4. Clergy Lands.....	60,000	00	
5. Common School do	90,000	00	
			752,000 00
3. Casual Revenue			15,000 00
4. Licenses			80,000 00
5. Algoma Taxes			5,000 00
6. Law Stamps			60,000 00
7. Education			51,100 00
8. Public Institutions			30,000 00
9. Municipal Loan Fund—Arrears of old debt			30,000 00
10. Dominion of Canada—			
1. Subsidy by population of 1861	\$1,116,872	80	
2. Allowance for Government	80,000	00	
3. Interest on Trust Funds—			
U. C. Grammar School and Building ...	89,258	00	
4. Do on 5-9ths Common School	47,438	62	
			1,333,569 42
Probable receipts for 1875.....			\$2,518,291 42

EXPENDITURE (estimated)—

	For current expenditure.	On capital account.	For other purposes.
Civil Government	\$152,054	00	
Legislation	105,200	00	
Administration of Justice	211,870	00	
Education.....	510,875	00	
Public Institutions maintenance..	367,685	00	
Immigration.....	121,810	00	
Agriculture, Arts, Literary and Scientific Institutions	91,600	00	
Hospitals and Charities	50,000	00	
Miscellaneous expenditure	51,300	00	
Unforeseen and unprovided	50,000	00	
Public Buildings—			
(1) Repairs and maintenance...	4,300	00	
(2) Capital Account		\$120,030	00
Public Works—			
(1) Repairs and maintenance ..	4,200	00	
(2) Capital Account		51,670	00
Colonization Roads		98,300	00
Charges on Crown Lands	86,700	00	
Refund Account			110,063 14
	\$1,807,594	00	270,000 00 110,063 14

SUMMARY :—

Probable Receipts for 1875	\$2,518,291 42
Probable Expenditure for 1875	2,187,657 14
Probable Receipts over Expenditure	\$330,634 28

BANKS.

STATEMENT of CAPITAL, Circulation and Deposits, on 30th September, 1874.

	Capital authorized.	Capital subscribed.	Capital paid up.	Notes in circulation.	Dominion Government Deposits, payable on demand.	Dominion Government Deposits, payable after notice, or on a fixed day.	Provincial Government Deposits, payable on demand.	Provincial Government Deposits, payable after notice, or on a fixed day.	Other Deposits, payable on demand.	Other Deposits, payable after notice, or on a fixed day.
Banks in Ontario	\$ 10,900,000 00	\$ 16,197,950 00	\$ 14,554,963 38	\$ 7,863,075 00	\$ 905,639 47	\$ 1,483,433 14	\$ 62,487 80	\$ 1,356,752 63	\$ 8,633,076 73	\$ 8,011,180 89
Banks in Quebec	\$ 48,466,666 00	\$ 45,786,566 00	\$ 42,351,454 67	\$ 18,049,137 00	\$ 4,700,908 27	\$ 3,766,533 33	\$ 1,116,920 99	\$ 1,300,000 00	\$ 24,764,846 26	\$ 27,317,248 02
Total of Ontario and Quebec	\$ 65,366,666 00	\$ 61,983,816 00	\$ 56,906,418 05	\$ 25,912,212 00	\$ 5,606,547 74	\$ 5,249,966 47	\$ 1,179,408 79	\$ 2,656,752 63	\$ 33,397,922 99	\$ 35,32 28 91

SUMMARY.

1. Capital—Paid up	\$56,906,418 05
2. Circulation	25,912,212 00
3. Deposits—	
Payable on demand—Ontario	\$9,601,204 00
Do Quebec	30,582,675 52
Payable after notice, or on a fixed day—Ontario	10,541,36 71
Do do Quebec	32,388,781 35
Total circulating capital	\$83,409,027 58
	\$100,227,657 63

TABLE (1) OF MILEAGE of all Completed Railways in Ontario, in 1874.

No.	Name of Railway.	Length in Miles.
1.	Grand Trunk Railway, Main Line	457
2.	" " " Buffalo & Lake Huron Branch	158
3.	" " " St. Mary's to London	23
4.	" " " Galt & Doon Branch	4½
5.	Great Western Railway, Main Line	229
6.	" " " Toronto Branch	39
7.	" " " Wellington, Grey & Bruce	129
8.	" " " Air-Line Division	146
9.	" " " Sarnia Branch	51
10.	" " " London & Port Stanley Branch	25
11.	" " " Brantford Branch	8
12.	" " " Petrolia Branch	7
13.	Welland Railway	25
14.	Brockville & Ottawa Railway and Perth Branch	57
15.	Canada Central Railway—Renfrew to Ottawa	70
16.	St. Lawrence and Ottawa Railway, and Chaudiere Branch	59½
17.	Toronto and Nipissing Railway	88
18.	Northern Railway—Toronto to Meaford	115
19.	Ditto do Muskoka Branch	39
20.	Midland Railway—Port Hope to Lakefield and Orillia	127
21.	Port Whitby and Port Perry	20
22.	Cobourg, Peterboro' & Marmora R'd.—Cobourg to Harwood, &c.	22
23.	Toronto, Grey & Bruce Railroad —Toronto to Teeswater	122
24.	Ditto do Orangeville Junction to Owen Sound	69
25.	Hamilton & Lake Erie Ry.—Hamilton Wharf to Jarvis	34
26.	Canada Southern Railway—Fort Erie to Amherstburg	229
27.	Ditto do St. Clair Junction to Courtright	62
28.	Ditto do Fort Erie to Niagara	30
Total		2,445

T. N. MOLESWORTH,

Engineer, Public Works, Ontario.

TABLE (2) OF MILEAGE of Railways in Course of Construction in Ontario, in 1874.

No.	Name of Railway.	Length in Miles.
1.	Wellington, Grey & Bruce Railway—Southern Extension	66½
2.	Midland Railway Extension—Orillia to Midland Bay	34
3.	Toronto, Grey & Bruce Railway—Weston to Toronto	9
4.	Northern Extension Railway—Severn Bridge to Gravenhurst	12
5.	Cobourg, Peterborough & Marmora Ry.—Harwood to Ashburton	13
6.	Kingston & Pembroke Railway—Northerly from Kingston	46
7.	Montreal & City of Ottawa Junction	66
8.	Grand Junction Railway—Belleville to Lindsay	86½
9.	Credit Valley Railway	186
10.	Norfolk Railway—Brantford to Port Burwell	50
11.	Victoria Railway—Lindsay to Kinmount	32
12.	Port Dover & Lake Huron Railway—Port Dover to Stratford	60
Total		662

The mileage under construction on Nos. 1, 2, 3, 4 and 5 is not included in the mileage given in Table (1) as completed on the same railways.

T. N. MOLESWORTH,

Engineer, Public Works, Ontario.

TABULAR STATEMENT (3) Showing Mileage on Railways in

NAME OF RAILWAY.	Length in Miles opened in 1874.
1 Canada Southern Ry., St. Clair Branch, Completion of Ballasting, &c. ...	62.9
2 Midland Ry. Extension, Orillia & Wabashene.....	
3 Toronto, Grey & Bruce Ry.. Harriston to Teeswater, also 1 mile extension at Owen Sound ...	26
4 Hamilton & Lake Erie Ry., City Station, Hamilton, to Lands Wharf.....	1.10
5 Northern Extension Ry., Muskoka Branch, Washago to Severn Bridge...	2
6 Wellington, Grey & Bruce Ry., Southern Branch, Ballasting, &c.....	
7 Cobourg, Peterboro' & Marmora Ry. Co., Bridge across Rice Lake.....	
8 Kingston & Pembroke Railway.....	
9 Montreal & City of Ottawa Junction Railway.....	
10 Grand Junction Railway—Belleville to Lindsay	
11 Credit Valley Railway... ..	
12 Norfolk Railway—Brantford to Port Burwell	
13 Victoria Railway—Lindsay to Kinmount	
14 Port Dover & Lake Huron Railway.....	
15 Toronto, Grey & Bruce Railway—Weston to Toronto	
	92.00

On the Kingston and Pembroke Railway the total Expenditure to the close of 1874

On the Grand Junction Railway the total Expenditure to the close of 1874 will be

From want of returns the expenditures on the Hamilton and Lake Erie, Cobourg, toria Railways are assumed. The other figures are approximate, obtained from per-estimated cost of completion in each case must also be taken approximate, as derived

and Approximate Cost of Construction
Ontario in 1874.

Estimated Expenditure on Works in 1874.	Length of Miles in progress.	Estimated Amount re- quired to finish Works.	REMARKS.
\$ cts.		\$ cts.	
110000 00	39450 00	
62883 11	34	277117 00	On 12 miles between Orillia & Wabashene.
235000 00	19535 00	On 25 miles Harriston to Teeswater, 1 mile at [Owen Sound.
25000 00			
76960 28	12	198040 00	Expenditure to end of September.
444836 22	66½	Includes expenditure in 1873 & 1874.
20000 00	13	170000 00	Harwood to Ashburnham.
330319 00	46	1332681 00	46 miles graded, 38 miles rails laid.
30000 00	66	1323400 00	
356380 00	86½	941250 00	33 miles graded, 11 mls. part done, 10 m. iron laid.
90000 00	186	3601000 00	Gr'd'd Toronto to Brock rd. 34m. Galt to Dr'mb 11m
20000 00	50	620000 00	" Streetsville to Orangeville 20 miles, contract to
27000 00	33	699000 00	14 miles graded, 31 m. cleared. [Elora 5 miles.
101194 00	60	757148 00	
120000 00	9	15000 00	
2049572 61	662	9993621 00	

will be \$771,107.00.

\$659,000, including \$165,000 for iron.

Peterboro' and Marmora, Montreal and City of Ottawa, Credit Valley, Norfolk and Vic-
sonal observations, or from information received from the Railway Companies. The
from the same sources of information.

T. N. MOLESWORTH,
Engineer of Public Works, Ontario.

TABLE (4) OF RAILWAYS IN ONTARIO Commenced and Completed since 1st July, 1867.

No.	NAME OF RAILWAY.	Length. in Miles	Estimated Cost.
			\$ cts.
1	Canada Central—Ottawa to Carleton Place.....	28½	685000 00
2	Ditto Sand Point to Pembroke	13	312000 00
3	Port Whitby & Port Perry	20	508000 00
4	Midland Railway—Lindsay to Orillia	43½	534000 00
5	Ditto Peterboro' to Lakefield	9	100000 00
6	Toronto, Grey & Bruce Railway—Toronto to Teeswater.....	122	1650437 00
7	Ditto ditto Orangeville Junction to Owen Sound	69	1088000 00
8	Toronto & Nipissing Railway	88	1275852 00
9	Northern Extension—North Grey Railway.....	20½	350000 00
10	Ditto Barrie to Severn Bridge	39	790000 00
11	Canada Southern Main Line and Branch	290	11600000 00
12	Canada Air Line—G. W. R	146	3650000 00
13	Hamilton and Lake Erie Railway	34	563835 00
14	Harrisburg and Brantford—G. W. R.....	8	150000 00
15	St. Lawrence & Ottawa Railway—Chaudiere Branch	5½	110000 00
16	Galt & Doon Railway	4½	60000 00
17	Wellington, Grey & Bruce Railway—Main Line	103	1884085 00
18	Ditto ditto Palmerston to Kincardine	66½	971500 00
Total miles of railway completed since 1st July, 1867		1110	\$26282709 00

With regard to the Midland Railway, Lindsay to Beaverton and Peterboro' to Lakefield, and St. Lawrence & Ottawa Railway, Chaudiere Branch, the *estimated costs* are assumed by me. All the other railways have the estimated cost as per published statement.

T. N. MOLESWORTH,
Engineer, Public Works, Ontario.

